



Daily Report

China

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General

Li Peng Attends U.S.-Swiss Contract Signing

OW040209 Beijing XINHUA in English 1605 GMT
22 Oct 87

[Text] Beijing October 22 (XINHUA)—A contract for the full range of equipment needed for Shanghai's second Shidongkou power plant, China's first super-critical local-fired power plant, was signed today between the Huaneng International Power Development Corporation and foreign suppliers.

Present for the signing were Chinese Vice-Premier Li Peng, Qian Zhengying, minister of water resources and electric power and Jiang Zemin, the mayor of Shanghai.

The contract was signed by representatives from the Huaneng International Power Development Corporation, Switzerland's Brown Boveri and Sulzer Brothers, Ltd., and the U.S.' Combustion Engineering, Inc., and Sargent and Lundy.

Shanghai's second power plant will be equipped with 2 x 600 megawatt super-critical coal-fired pressure units. Wang Defang, the corporation's president told reporters.

Wang also said, the plant's construction will start next June, and mentioned preparatory work is already under way.

According to Wang, the first 600 megawatt unit is expected to start operation in the fourth quarter of 1990.

The corporation and the Shanghai Municipal Government jointly raised funds for the plant, and the project's major goal is to alleviate power shortages in the Shanghai area, Wang said.

Brown Boveri will supply turbines, generators, and combustion engineering and Sulzer Brothers will supply boilers. Sargent and Lundy will supply related equipment and supervise coordination.

"The imported power plant project includes some technology transfer," Wang said, "and we have also adopted engineering design, providing drawings, and are producing a small portion of the equipment locally."

Prior to the signing, Li Peng met with the heads of foreign companies involved in the project and said, this new power plant may be the key in easing Shanghai's power shortage.

Li also said he is pleased about the contract, and hopes the project will be a success.

GATT To Examine Foreign Trade System

OW040253 Beijing XINHUA in English 1611 GMT
22 Oct 87

[Text] Geneva, October 22 (XINHUA)—The General Agreement on Tariffs and Trade (GATT) decided Thursday to proceed with a substantial examination of China's foreign trade system next spring.

The first meeting is scheduled in February and a second in April. If necessary a third meeting would be held in June. The completion of the examination will pave the way for China to resume its status as a contracting party of the GATT.

China submitted a memorandum on its foreign trade system on February 13. In June, it then received a questionnaire on its foreign trade system and policies from the GATT Secretariat.

The head of the Chinese delegation, Qian Jiadong, told a GATT committee that a written reply "is now being given a final touch and is expected to be completed and forwarded to the Secretariat around November 15."

Qian said the Chinese delegation would "spare no effort" to closely cooperate with GATT during the examination process.

The General Agreement on Tariffs and Trade was signed in Geneva on October 30, 1947 by 23 countries including the then Chinese Guomindang Government. Since its founding in 1949, the People's Republic of China had not taken part in the GATT activities. Last July, China formally requested to resume its status as a contracting party of the organization.

Zheng Tuobin Hosts Director

OW010344 Beijing XINHUA in English 1216 GMT
28 Oct 87

[Text] Beijing, October 28 (XINHUA)—Zheng Tuobin, Chinese minister of foreign economic relations and trade, met and hosted a banquet for Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT) and his party here this evening.

Dunkel is here for exchanging views with relevant Chinese departments on restoring China's status as a signatory country to GATT.

Zhang Jingfu Meets Coal Conference Delegates

OW051450 Beijing XINHUA in English 1309 GMT
5 Nov 87

[Text] Beijing, September 5 (XINHUA)—State Councilor Zhang Jingfu met with more than 200 delegates from 20 countries attending the 22th international conference on coal mining safety here tonight.

United States & Canada

Harrison Salisbury Confers With Leaders

Meets Deng Pufang

HK060221 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1240 GMT 4 Nov 87

[Text] Beijing, 4 Nov (ZHONGGUO XINWEN SHE)—Deng Pufang today made his first appearance since he returned from the United States and Canada. He received 1,000 copies of *"The Long March—An Untold Story"* by famous American writer Harrison Salisbury on behalf of the China Welfare Fund for the Handicapped.

The Chinese translation of *"The Long March"* was published last year and became a best-seller in China. According to the editor responsible for this book, the book has been reprinted five times, and still cannot meet the demand. It was named one of the 10 best-sellers in 1987 in China.

Salisbury, 79, gave these books as a gift to encourage some 50 million handicapped people in China. In his eyes, China's Long March was an epic deed, and was the most marvelous and inspiring event in human history.

Salisbury is not in good health. He made enormous efforts to write this book about the Long March. He is said to have personally covered 25,000 li, even though he wears a pacemaker. He is preparing another book on "China's New Long March" which began from the 3d Plenary Session of the 11th CPC Central Committee.

Confers With Zhao, Meets Hu

OW051519 Beijing XINHUA in English 1442 GMT
5 Nov 87

[Text] Beijing, November 5 (XINHUA)—Zhao Ziyang, general secretary of the Communist Party of China (CPC) Central Committee and premier of the State Council, met with the noted U.S. journalist Harrison Salisbury at Zhongnanhai here this evening.

Zhao briefed Salisbury on why and how China is putting reform into practice and the policy of opening to the outside world. He also gave him a brief account of the theory concerning China being in the primary stage of socialism. He said he hoped that Salisbury would reflect China's reform process in his forthcoming book about China.

After the meeting, Zhao Ziyang and Salisbury had dinner together.

Attending the meeting was Du Daozheng, director of the Press and Publications Administration of China.

Hu Qiaomu, Standing Committee member of the Central Advisory Commission of the CPC, met with Salisbury this morning in the Great Hall of the People. Hu also answered the questions Salisbury raised.

The 79-year-old Salisbury last came to China in mid-August. He met here some Chinese leaders and interviewed other representative figures. He also visited Beijing, Tianjin, Tangshan and the three provinces in northeast China. His present visit to China is to prepare for the writing of a book about "China's new Long March". His book, *"The Long March—An Untold Story"*, was published in 1986.

Paper Views Weinberger's Resignation

HK060507 Beijing RENMIN RIBAO OVERSEAS
EDITION in English 6 Nov 87 p 6

["Jottings" by Sai Bei (1049 0554): "Discussing Weinberger's Resignation"]

[Text] According to senior government officials quoted by *The Washington Post*, U.S. Defense Secretary Weinberger has decided to resign. It is reported that this is because of his wife's poor health, that he himself is 70, and the fact that "there is not much to be done in the Pentagon."

The first two of these reasons are understandable, but the third is puzzling. As everyone knows, Weinberger is a loyal supporter and executor of the Reagan administration's policy of rebuilding U.S. military strength. Since he became secretary of defense, the United States has engaged in intense competition with the Soviet Union in developing nuclear, space, and other sophisticated weaponry, while defense spending has accounted for a greater proportion of the national budget every year. All this is due to Weinberger's efforts. Weinberger has been busy traveling to many parts of the world in recent years. He recently went to the Gulf to inspect U.S. warships supporting the U.S. cause for strategic superiority in the Gulf. It is almost incomprehensible that a strongman of this type in the Reagan administration should resign because he can find nothing to do.

Nevertheless, viewed in light of recent U.S. events at home and abroad, Weinberger's remark may be the truth and not just irritation. The truth is that the United States can no longer spend so much money on the arms race; since the "good bows and arrows" have to be packed away because the birds have all gone, Weinberger feels he cannot make any more effort, so it would be better to retire.

Weinberger is an able hand in getting business for the U.S. defense industry. According to Western press reports, since the Reagan administration came to power, U.S. defense spending has reached a total of \$2 trillion. This includes \$400 billion on nuclear weapons and preparations for nuclear war, and nearly \$500 billion on naval expansion. The result of this is that the U.S. budget

deficit exceeds \$200 billion and the national debt exceeds \$2 billion. The United States has become the world's No 1 debtor nation. Americans worry about this, while the world is breathless with anxiety. Some Americans have long held that excessive spending on arms expansion and war preparations has exhausted the American people's wealth, and its consequences for the United States are not security but insecurity, because national security does not depend only on national defense but also on a healthy economy. They advocate that the government's budget deficit must be reduced, and therefore defense spending must be cut first. Given this overall situation, in order to make a good finish to his term in office, which will soon end, Reagan has no alternative but to concede to the Congress' demand and make up his mind to cut defense spending. Reagan's willingness to seek an agreement with the Soviet Union on intermediate-range missile reduction also indicates his goal to divert expenditure in this field to make up for the shortage of funds for developing sophisticated weaponry. In this way, Weinberger cannot but realize that he has been put into the position of an unarmed warrior.

Of course, whether Weinberger is there or not, U.S. arms expansion and war preparations will continue on a certain scale, because this is a national policy. Viewed from the political and economic angle, so long as there exists the basic contradiction between socialized production and private ownership of capital, the arms race always provides a dangerous yet safe valve for easing the crisis of surplus production. Apart from that, if the U.S. defense industry indeed closes down production, that will pose a tremendous threat to U.S. social stability due to the impact on tens of thousands of unemployed workers who directly or indirectly serve that industry.

Sino-American Business Conference Opens

OW030856 Beijing XINHUA in English 0705 GMT
3 Nov 87

[By Li Yanning and Zhao Zijian]

[Text] Tulsa, Oklahoma, November 2 (XINHUA)—Chinese and American businessmen gathered here today to start a four-day conference to promote trade between China and the heartland states of America.

The conference, named "Operation Breakthrough: China's Middle America Initiative," is attended by more than 100 Chinese business leaders from 14 provinces and representatives of over 200 U.S. companies from 18 states stretching from Oklahoma to Pennsylvania.

The conference will hold seminars on doing business with China and will offer opportunities for both sides to explore business potentials in various forms.

Wang Daohan, former mayor of Shanghai and currently director of the Shanghai Economic Zone that represents 30 percent of China's gross national product, told the conference that the Sino-U.S. economic relations have "sound foundation" and the prospect is "bright."

He said China has already used more than 40 billion dollars in foreign capital since the open policy was adopted and has approved 8,000 projects either in the form of Sino-foreign joint ventures or of direct foreign investments.

He said that the just concluded 13th Congress of the Chinese Communist Party showed China's determination to continue its open policy which cannot be reversed.

In a gesture of goodwill, Wang said, the Chinese Government is presenting an old brick of the famous Chinese 5,000 kilometer Great Wall to the city of Tulsa. He hoped that the current meeting would further promote the understanding and trust between the Chinese and U.S. businesses and improve the two countries' economic relations.

Speaking at the opening session today, former U.S. President Gerald Ford described the event as another step forward in the rapidly developing Sino-U.S. relations, especially in the field of economic and trade cooperation.

Ford, who has visited China three times during the past 15 years, said he believed that China's open policy and current reform will not only contribute to the welfare of the one billion plus Chinese people, but also to the peace and stability of the Asian region.

In a press conference after the opening session, he stressed that the United States should provide China with "fair access" to the U.S. market in order to promote business with China.

The United States is now the third largest trading partner with China, and bilateral trade between the two countries hit 7.3 billion dollars last year.

According to Ford, two-way trade between the U.S. and China has expanded by 27 percent so far this year compared with the same period of last year.

Delegates from some small enterprises in China's Henan Province, which have improved the quality of their products and increased exports in recent years, attended the meeting to look for buyers of jade, grinding powders, hand tools and other low-tech, small quantity goods. They also wanted to buy some U.S. equipment to strengthen production capability, saying that the provincial government has provided special funds for small businesses to import foreign technology.

Yang Ruipeng, manager of the Wuhan-based Zhongyuan radio works, one of the biggest electronics makers in China, said the factory's production line is suitable for cooperation with medium and small sized U.S. companies and he's here looking for business deals.

Many American businessmen also offered to make deals with the Chinese enterprises. "I'm here to find Chinese partners to make the kinds of products your company is famous for," said Gordon Beat, chairman and president of the Kansas City-based chemical company, the Faultless Starch and Bon Ami.

Black G. Taprpley, vice president of the Union Underwear Co., the largest underwear maker in the U.S., told *Xinhua* reporters that he would like to locate a knit-wear manufacturer in China to make his company's brand products.

Soviet Union

Ulanhu, Qian Qichen, USSR Envoy Mark GOSR
OW051539 Beijing XINHUA in English 1458 GMT
5 Nov 87

[Text] Beijing, November 5 (XINHUA)—The 70th anniversary of the October Revolution was marked at a reception hosted here today by the Chinese People's Association for Friendship With Foreign Countries and the Sino-Soviet Friendship Association.

Attending the reception were Ulanhu, vice-president of China, Ding Guangen, minister of railways, Wang Meng, minister of culture, Qian Qichen, vice-foreign minister, and Soviet Embassy officials, experts and students in Beijing.

Ling Qing, vice-president of the Chinese People's Association for Friendship With Foreign Countries, said in his speech that the October Revolution opened a new chapter in the history of mankind, adding that the pioneers of the Chinese revolution saw the bright road to the liberation of China through the victory of the October Revolution.

He said the Chinese people have always cherished their traditional friendship with the Soviet people. In recent years, Sino-Soviet relations have made encouraging developments in the fields of trade, economy, science and technology, and culture, he added.

He said, on the basis of the five principles of peaceful coexistence China hopes to establish long-term, stable, and good-neighborly and friendly relations with the Soviet Union.

O.E. Troyanovski, Soviet ambassador to China, stressed the great significance of the victory of the October Revolution in his speech at the reception.

Troyanovski pointed out that the Soviet people will never forget the Chinese people's sympathy and support for them during the October Revolution.

He said that recent years have witnessed a marked improvement in the relations between the Soviet Union and China, adding that the friendship associations of the two countries have done a lot to help improve bilateral relations, develop the traditional friendship between the peoples of the two countries and promote mutual understanding.

Envoy Gives Press Conference

OW051545 Beijing XINHUA in English 1519 GMT
5 Nov 87

[Text] Beijing, November 5 (XINHUA)—Soviet Ambassador to China O.A. Troyanovskiy gave a press conference on the October Revolution here today.

Troyanovskiy recalled the course of the Soviet Union after the October Revolution and also talked about the ongoing reform in his country.

He said that there is a new atmosphere in the Soviet Union, namely, that of reform, adding that the development of society needs reform as well as the expulsion of negative factors.

The Soviet Union is very interested in China's reform, he said. China has also expressed interest in the reform in the Soviet Union, he said, adding that this has laid a foundation for the further development of contacts between the two countries.

On Sino-Soviet relations, he pointed out that bilateral relations have achieved progress in various aspects. He said that this is one of the focuses of Soviet foreign policy.

Wan Li, Ding Guangen at Embassy Reception
OW061247 Beijing XINHUA in English 1247 GMT
6 Nov 87

[Text] Beijing, November 6 (XINHUA)—Soviet Ambassador to China O.A. Troyanovskiy and his wife hosted a reception at the embassy here today to celebrate the 70th anniversary of the victory of the Great October Revolution in 1917.

Attending the reception were Wan Li, Chinese vice-premier, Chen Pixian, vice-chairman of the National People's Congress Standing Committee, Ding Guangen, minister of railways, Ai Zhisheng, minister of radio, film and television, and Qian Qichen, vice-minister of foreign affairs.

KYODO Reports Soiree

OW061504 Tokyo KYODO in English 1455 GMT
6 Nov 87

[Text] Beijing, Nov. 6 KYODO—Two Chinese ruling Politburo members attended a reception at the Soviet Embassy Friday to celebrate the 70th anniversary of the Russian Revolution.

The two—Vice Premier Wan Li and Railways Minister Ding Guangen—were among some 800 foreign diplomats, attaches and other embassy personnel attending the reception.

Diplomatic sources said this was the first time since the 1960s when bilateral relations worsened that two senior Chinese officials have attended such a reception and added this is indicative of improving relations between them.

USSR-PRC Amity Society Anniversary Celebrated
OW040429 Beijing in Russian to the USSR 1800 GMT
1 Nov 87

[Text] The Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the Soviet-Chinese Friendship Society held a solemn meeting in the House of Friendship in Moscow on 30 October devoted to the 30th founding anniversary of the Soviet-Chinese Friendship Society.

Valentina Tereshkova, chairman of the Presidium of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries, presided over the meeting. In his report, Sergey Tikhvinskiy, chairman of the Central Board of the Soviet-Chinese Friendship Society, reviewed the 30-year work of the Soviet-Chinese Friendship Society and said that the society would continue to apply further efforts to promoting the development of relations between the Soviet Union and China.

A speech was also made at the meeting by Ivan Arkhipov, former first deputy chairman of the Council of Ministers. Yu Hongliang, PRC ambassador to the USSR, read a greeting at the soiree from Wu Xinquan, president of the Sino-Soviet Friendship Association, to the meeting.

USSR Paper Criticizes Brezhnev's 'Empty Talk'
OW042323 Beijing XINHUA in English 1505 GMT
4 Nov 87

[Text] Moscow, November 4 (XINHUA)—Late Soviet leader Leonid Brezhnev was criticized by the media today for his "empty talk" in the 1966-67 period.

In a caption to one of seven photos carried by the "Moscow News" weekly today, well-known Soviet writer Daniel Granin rapped Brezhnev for enjoying himself in endless compliments and "empty talk."

The photo showed complacent Brezhnev with a broad smile after receiving his second "Soviet hero" medal, one of four medals he was awarded after becoming leader of the Communist Party in 1966. Brezhnev "took it for granted" he deserved all the medals, Granin said, adding the medals were far more than his accomplishments merited.

"Those who are good at flattery maintained that a great country should have a great leader. Hence a 'great man' was manufactured," Granin noted.

Granin said the 1966-67 Soviet economic plan was drowned by exaggerated figures, beautiful words and compliments and he called on Soviet historians to carefully study the period.

Northeast Asia

Tian Jiyun Confers With Japanese Industrialist
OW051627 Beijing XINHUA in English 1450 GMT
5 Nov 87

[Text] Beijing, November 5 (XINHUA)—Chinese Vice Premier Tian Jiyun met with Katsuhiro Jutada, president of the Ajinomoto Co., Inc., Japan, and his party here today.

The Japanese guests have come to visit China as guests of the China Association for International Friendly Contacts.

The Ajinomoto Co., Inc., is mainly engaged in pharmaceutical and precision chemical products making and food processing industries.

Katsuhiro Jutada expressed his willingness to further strengthen the cooperation between the Ajinomoto Co., Inc. and China.

Tian Jiyun said there are broad prospects in bilateral cooperation since the Ajinomoto Co., Inc. has a wide range of business.

Bo Yibo Meets Japanese Youth Delegation
OW041445 Beijing XINHUA in English 0902 GMT
4 Nov 87

[Text] Beijing, November 4 (XINHUA)—Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met leading members of a Japanese youth delegation of Yamagata Prefecture led by its Governor Seiichiro Itagaki here today.

Sun Pinghua, president of the China-Japan Friendship Association, was present at the meeting.

Zhang Jingfu Hosts Japanese Guests

OW051623 Beijing XINHUA in English 1430 GMT
5 Nov 87

[Text] Beijing, November 5 (XINHUA)—Chinese State Councillor Zhang Jingfu met here today with a delegation from the Japan-China Workers' Exchange Center, led by Motofumi Makieda, director general of the center.

Li Ruihuan Greets Japanese Amity Delegation

SK050747 Tianjin TIANJIN RIBAO in Chinese
23 Oct 87 p 1

[Text] Li Ruihuan, mayor of Tianjin Municipality, met with an amity delegation from Japan's Yokkaichi City headed by Mayor (Kato Kanshi) at the Kaiyue Hotel on the evening of 22 October. On behalf of the municipal government and all people of the municipality, Mayor Li Ruihuan extended sincere welcome to the delegation to Tianjin.

Mayors Li Ruihuan and (Kato Kanshi) were especially happy when they met with each other. They reviewed the friendly visits that had been exchanged between the two cities since the establishment of friendship ties, and also unanimously expressed hope that the cooperation and exchange in the economic and cultural fields between the two cities would further develop in the future.

Present at the meeting were Shi Jian, vice chairman of the Standing Committee of the municipal People's Congress; and Huang Yanzhi, secretary general of the municipal government. On 22 October, the Japanese friends toured the outer ring road and visited the No 2 Carpet Plant and the Hexi District children's palace. The development and changes in Tianjin Municipality over the past few years left a deep impression on them.

Proposed Japanese Navy Expansion Noted

OW040508 Beijing XINHUA in English 1303 GMT
3 Nov 87

[Text] Tokyo, November 3 (XINHUA)—Only three days before he steps down, Japan's Prime Minister Yasuhiro Nakasone today called for drastic changes in Japan's defense strategy interview of the rapid progress in science and technology, local sources said.

Speaking at the largest naval review ever to be held at Sagami Bay south of Tokyo, Nakasone noted such changes are inevitable with the developments in artificial satellites and deep sea exploration.

Japan will exert every effort to advance the science and technology essential to maintaining the strength and future progress of the country's maritime self-defense force, as its navy is known, Nakasone declared at the review. It involved 54 ships and 49 aircraft in the first exercise of its kind in three years.

Lacking natural resources, Japan depends on supplies shipped from abroad and must keep the sea lanes around the island nation secure for its survival and prosperity, he added.

Japan's defense agency has equipped the navy with advanced warships and has obtained the money to procure a destroyer with the sophisticated "Aegis" combat control and radar system in fiscal 1988, which begins in April 1988.

A warship equipped with the 136 billion yen (986 million U.S. dollars) system can detect, track and destroy more than 10 different targets up to 100 kilometers away with advanced radar and surface-to-air missiles.

DPRK Ambassador Holds News Conference

OW050906 Beijing XINHUA in English 0843 GMT
5 Nov 87

[Text] Beijing, November 5 (XINHUA)—Sin In-ha, ambassador of the Democratic People's Republic of Korea (DPRK) to China, held a press conference here today on the occasion of the 12th anniversary of the adoption of the resolution on the Korean question at the 30th General Assembly of United Nations.

Since the adoption of the resolution, the ambassador said, "The world people's struggle supporting the cause of the Korean people's independent and peaceful reunification and demanding the realization of the resolution has been expanded and developed further and become a strong flow that no force can check."

The withdrawal of the U.S. troops is a basic request for the peaceful solution to the Korean question, he continued. "It is an international duty that the United States should put into practice without delay," he added.

"However", he pointed out, "the U.S. authorities are not performing the just resolution of the 30th UN General Assembly, instead, they are openly debasing and trampling down the resolution."

The present situation on the Korean peninsula has been "extremely acute", he said, adding "the danger of war is increasing in every moment and the reunification of Korea is confronted with grave obstacles."

DPRK has made continuous efforts for peace and peaceful reunification of Korea and advanced new suggestions and proposals for a peaceful solution to the Korean question, the ambassador noted.

Korea is one and the Korean nationality is one too, the ambassador stressed. "There is nothing more precious than the country's reunification for the Korean people," he stated.

Southeast Asia & Pacific

Cultural Accord With Philippines Signed

*OW051311 Beijing XINHUA in English 1240 GMT
5 Nov 87*

[Text] Beijing, November 5 (XINHUA)—The Governments of China and the Philippines signed here earlier today an executive program for a cultural agreement for 1988-1989.

Wang Meng, Chinese minister of culture, and Lourdes Quisumbing, secretary of the Philippines Ministry of Education and Culture, signed the agreement on behalf of their respective governments.

Under the agreement, both sides will cooperate in the fields of culture, including exhibitions, broadcasting television and film, the press and exchange of artists.

Zhou Gucheng, vice-chairman of the Chinese National People's Congress Standing Committee, attended the signing ceremony.

After the ceremony, Zhou met with the Philippine cultural delegation headed by Quisumbing.

"We have made great achievements in bilateral cultural exchanges since the signing of the last cultural agreement eight years ago, Zhou said.

Quisumbing conveyed good wishes to China from Philippines President Corazon Aquino.

She said the Philippines Government is very interested in bilateral cooperative relations and the Philippines can learn a lot of experience from China.

"The Philippines and China are good friends and brothers. The Philippines is changing, and we admire the ongoing changes in China," she added.

Near East & South Asia

Beijing on Alleged Arms Sale to Iran

Commentary to Malaysia

*BK060759 Beijing in Malay to Malaysia 1230 GMT
30 Oct 87*

[Station Commentary: "It Is Useless for the United States To Adopt the Tactics of Trickery"]

[Text] Recently, in addition to intensifying its military involvement in the Persian Gulf, the U.S. Administration also deceitfully focused its attention on China. On 22 October, the U.S. State Department announced that the United States had decided to temporarily suspend the export of high technology goods to China due to the tense situation in the Gulf. Following that, an assistant U.S. secretary of state warned that China's arms sale to

Iran will affect relations between China and the United States. The United States' action has two purposes: First, to divert responsibility for escalating tension in the Gulf to China, so as to divert public attention away from its own involvement in intensifying military build-up in the Gulf; and second, to cause tension between China and the warring states.

It is common knowledge that Iran and Iraq are China's friends. China is of the opinion that the war between its friends is a loss to the friends themselves and it will make the enemies happy. All along China has done its best to promote an end to the war between Iran and Iraq. China's efforts are not limited to words alone but also include intensifying efforts within and outside the United Nations. China is firm about not wanting to indulge in anything that is disadvantageous to the Iran-Iraq peace process. The U.S. Administration has repeatedly spread rumors alleging that China is selling arms to Iran. This is just rumor and slander.

Not long ago, in an interview with a U.S. journalist, Premier Zhao Ziyang reiterated that China has never sold any weapons to Iran; thus it definitely never sold guided missiles to Iran. At the same time, Zhao pointed out the complexity of the arms market, saying that so long as a country has plenty of money to offer high prices for the purchase of arms, it is not difficult to get the arms. Now there is no proof that China sells arms to Iran. But on the other hand, the U.S. arms sale to Iran is definitely causing the U.S. Administration difficulties. Under such circumstances, the U.S. Administration is carelessly putting the blame on another country. If U.S. military power continues to be present in the Gulf, one day the warring Iran-Iraq states will attack the U.S. warships using U.S.-made weapons. This will definitely not be a surprise to anyone in the world.

Commentary to Thailand

*BK060435 Beijing International Service in Thai
1330 GMT 30 Oct 87*

[Unattributed commentary: "The Smokescreen Trick Is Useless"]

[Text] While intensifying its military involvement in the Persian Gulf, the U.S. Government is at the same time maliciously directing its sword at China. On 22 October, the U.S. State Department announced that, because of tension in the Persian Gulf, the United States has decided to temporarily suspend relaxation of exports of modern technology to China. The new U.S. assistant secretary of state then warned that China's arms sale to Iran could affect Sino-U.S. relations.

The U.S. move can be interpreted as follows: First, to put the blame on China for the growing tension in the Persian Gulf so as to divert public attention from U.S. military intervention in the Persian Gulf; second, to disrupt relations between China and related countries.

It is a known fact that both Iran and Iraq are China's friends. China thinks that it is sad to see friends fighting among themselves. [The fighting] is sad to its friends, but something to make its enemies happy. China is trying to make the war between Iran and Iraq stop as soon as possible. China not only stated this in words, but has also taken numerous steps to end the war in cooperation with the United Nations, both inside and outside the United Nations framework. China refrained from doing anything unfavorable to a reconciliation between Iran and Iraq.

The U.S. Government and mass media clamored that China sold weapons to Iran. This is a clear accusation. Premier Zhao Ziyang stressed during a recent interview with U.S. television reporters that China did not sell weapons to Iran. Therefore, there is no need to talk about selling China's rocket missiles. Meanwhile, Zhao Ziyang pointed out the complexity of world weapons trading. He said that when a rich country gives good prices, there is no difficulty for it to get weapons. There is still no evidence to prove that China sold weapons to Iran.

On the contrary, the notorious news about U.S. arms sales to Iran still put U.S. authorities in difficulties. Under such a circumstance, what the U.S. Government did was to fabricate stories. Isn't the United States ashamed of doing what it accused others of doing? Think. It would come as no surprise or would not be hard to understand if one day, with the U.S. military presence continuing in the Persian Gulf, there is a report saying that a party in the war uses U.S.-made weapons to attack U.S. warships there. There is a Chinese saying: Those wishing bad things to others cannot expect good things for themselves. The U.S. slander accusing China of selling weapons to Iran constitutes those wishing bad things to others. There is another Chinese saying: Those committing bad acts will reap bad returns. By accusing others, the United States will certainly receive bad things in return for its ill intentions towards others.

Envoy Explains Gulf Stand to Arab League

OW051521 Beijing XINHUA in English 1500 GMT
5 Nov 87

["China's Gulf Stand Explained to Arab League"—XINHUA headline]

[Text] Tunis, November 5 (XINHUA)—The Chinese ambassador to Tunisia delivered to Arab League Secretary-General Chedli Klibi here today a letter from the Chinese foreign minister explaining China's stand on the Gulf situation.

During the meeting Ambassador Zhu Yinglu told Klibi that China stands for an early and comprehensive implementation of the UN Security Council Resolution 598 and supports the UN secretary-general's efforts toward this goal.

China highly appreciates the Arab League's positive efforts to mediate an end to the Iraq-Iran war and will continue to exert efforts along with the Arab countries to seek an end to the war and restore peace in the Gulf region, Zhu said.

The UN Resolution 598, unanimously approved by the Security Council on July 20, calls on Iraq and Iran to stop their seven-year-old war immediately.

Zhu reiterated that China has been supporting the struggle of the Arab countries and the Palestinian people to recover their lands occupied by Israel and their legitimate national rights deprived.

Ulanhu Receives New Envoys' Credentials

From Omani Ambassador

OW031438 Beijing XINHUA in English 1030 GMT
3 Nov 87

[Text] Beijing, November 3 (XINHUA)—New Omani Ambassador to China Mushtaq ibn 'Abdallah [ibn Ja'far] al-Salih presented his credentials to Chinese Vice-President Ulanhu here today.

Al-Salih arrived here October 29.

From Jordanian Ambassador

OW031442 Beijing XINHUA in English 1034 GMT
3 Nov 87

[Text] Beijing, November 3 (XINHUA)—New Jordanian Ambassador to China Walid al-Sa'ad al-Bataynah presented his credentials to Chinese Vice-President Ulanhu here today.

Al-Bataynah arrived here October 28.

Gandhi Notes Relations With USSR, U.S.

OW021947 Beijing XINHUA in English 1933 GMT
2 Nov 87

[Text] New Delhi, November 2 (XINHUA)—Indian Prime Minister Rajiv Gandhi today reaffirmed his country's friendship with the Soviet Union and said there would be "no shift" from it.

Before leaving for Kathmandu to attend the third summit conference of the South Asian Association for Regional Cooperation (SAARC), the prime minister was asked about a possible "misunderstanding" of India's position towards Moscow and Washington, which he recently visited.

He said he felt a shift in the United States' attitude "as regards India's role in the region." He then pointed out that "India is very friendly with the Soviet Union, and there is no shift in that."

Gandhi also stressed that India "is completely non-aligned" and there would be no change in that policy either.

Among those the prime minister will confer with in Kathmandu is Sri Lankan President J.R. Jayewardene, and he told reporters here he was "very happy" with the implementation of the Indo-Sri Lankan peace agreement and believed it was going "in the right direction."

The agreement was signed on July 29 by Jayewardene and Gandhi in Colombo. It sought to bring an end to the four-year ethnic conflict in the northern and eastern provinces of Sri Lanka where Tamil militants have been fighting for an independent state.

Commenting on inclusion of a paragraph on terrorism in the draft document of the SAARC summit, Gandhi said he thought "the question of terrorism should be included in the SAARC document. We were one of those asking for it to be done. We are glad some progress has been made."

Sub-Saharan Africa

Zhao Meets Ethiopian Foreign Minister

OW051749 Beijing XINHUA in English 1726 GMT
5 Nov 87

["Reform Is for Consolidating, Developing Socialism, Zhao Says"—XINHUA headline]

[Text] Beijing, November 5 (XINHUA)—The superiority of socialism can be demonstrated only by the development of social productive forces and the elimination of poverty, while poverty can be eliminated only by developing commodity economy and social productive forces.

Zhao Ziyang made the remarks at a meeting with the visiting Ethiopian Minister of Foreign Affairs Berhamu Bayeh and his party here today.

In China, the practice of socialism must proceed from its actual situation, namely, China was a semi-feudal and semi-colonial country, it has backward productive forces and has not experienced the period of capitalism, Zhao said, adding that the period of capitalism can be surmounted, but not the period of commodity economy.

Nine years of practice has proved that fairly good results have been made in building socialism in China according to its own conditions, the premier said.

He said that the just-concluded 13th National Congress of the Chinese Communist Party is really a meeting of important historical significance.

The basic line adopted at the congress defining China as being at the primary stage of socialism is, in fact, a political line more intact than that implemented since the Third Plenary Session of the CPC Central Committee, he added.

"More than 30 years of practice has enabled us to have a clearer understanding of our own country. In a word, China was a semi-feudal and semi-colonial country in the past," Zhao said, and it is impossible to carry out capitalist revolution today in a country like China, and so it is out of date to go in for capitalism.

So China's revolution is called new democratic revolution, which is led by the proletariat with an aim of socialism, he said. "This had been made clear 40 years ago," said he.

Practice in the past several decades after the victory of the revolution has also proved that socialism complies with China's national conditions, he said, and that only socialism can save China and this is truth.

He said, "Some Westerners once said that China's reform was to practise capitalism. That is because they do not understand us and do not understand that our reform is to consolidate and develop socialism."

He said that China has taken note of the reforms being conducted in other socialist countries. In fact, he added, the socialist countries are all faced with a task of how to explore the best way of combining the basic principles of Marxism with their own countries' conditions.

Zhao Ziyang said that the Ethiopian people's revolution in 1974 has brought great changes to the country, and that indicates the revolution conformed to the historical trend and was in line with the interests and aspirations of the people.

Zhao asked Bayeh [as received] to convey the best regards of Chinese President Li Xianmian's and his own to the Ethiopian President Mengistu.

Bayeh forwarded a letter from President Mengistu to Zhao Ziyang and gave a brief account on the changes taken place in Ethiopia since 1974 when the feudal dynasty was overthrown. He briefed on the Constitution adopted not long ago and the establishment of the Democratic People's Republic. He expressed his wishes for further promoting the two countries' friendly cooperations.

Zhu Xuefan, vice-chairman of the Standing Committee of National People's Congress, met with Bayeh and his party this morning.

Wan Li Meets Malagasy Interior Minister

OW050105 Beijing XINHUA in English 1056 GMT
4 Nov 87

[Text] Beijing, November 4 (XINHUA)—Chinese Vice-Premier Wan Li met here today a delegation from the Ministry of Interior of Madagascar, led by Minister Augustin Ampy Portos.

West Europe

State Councillor Meets Netherlands Delegation

*OW020948 Beijing XINHUA in English 0814 GMT
2 Nov 87*

[Text] Beijing, November 2 (XINHUA)—Chinese State Councillor Chen Muhua met here today an agricultural delegation from the Netherlands, led by Gerrit Braks, minister of agriculture and fisheries.

FRG To Fulfill Grain Accord in November

*OW310844 Beijing XINHUA in English 0831 GMT
31 Oct 87*

[Text] Beijing, October 31 (XINHUA)—[The] Federal German Government has decided to present China with 10,000 tons of grain, according to an agreement signed here yesterday.

The grain is expected to be shipped from Hamburg early in November to China's Qingdao port.

Senior Officials Study Zhao's Report

OW061004 Beijing XINHUA in English 0926 GMT
6 Nov 87

[Text] Beijing, November 6 (XINHUA)- More than 1,400 Communist Party and government officials are attending a series of four reports on the report by General Secretary Zhao Ziyang at the just-concluded 13th National Party Congress.

The first — on the fundamental spirit of Zhao's report and its historical perspective — was given this morning by Yuan Mu, deputy secretary general of the central leading group in charge of finance and economy.

Yuan said there would have been no the report if it had not been for the millions of people carrying out various reforms and the policy of opening to the outside world over the past nine years.

The report, he said, is "a continuation, enrichment and development of the party's line laid down at the 3d Plenary Session of the 11th Central Committee in late 1978 as well as a theoretical elaboration of the line."

The report crystallizes the wisdom of Chinese leaders and all the Chinese people, he said

Today's meeting was presided over by Wang Renzhi, head of the Propaganda Department of the party Central Committee.

The three other reports will be given by Gong Yuzhi, deputy director of the Literature Research Center of the party Central Committee, Gui Shiyong, deputy chief editor of *People's Daily*, and Huo Guanghui, vice-minister of the State Commission for Restructuring Economy.

Gong will talk about the themes of primary stage of socialism in China. Gui's topic will be on promoting economic development by means of reform and opening to the outside world. And Huo's will be on political restructuring and party building.

Drafting of Zhao Work Report Detailed

HK051531 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0836 GMT 4 Nov 87

[Report by Reporters Guo Zhaojin (6753 2156 6855) and Wang Xiaohui (3769 2556 2547): "How Was the Report to the 13th CPC National Congress Drafted?"]

[Text] Hong Kong, 4 November (ZHONGGUO XINWEN SHE)—On the morning of 1 November 1987, Zhao Ziyang delivered a report entitled "Marching Along the Socialist Path With Chinese Characteristics" at the opening ceremony of the 13th CPC National Congress. The report drew the enthusiastic applause of the Chinese people, and won extensive praise from world public opinion.

In their group discussions, some delegates said: The report is a grand charter for construction which will last a century. Some said: It is a textbook for building socialism with Chinese characteristics. Some said: It reflects the present highest epistemological level of the party, and is a significant milestone. Newspapers abroad published commentaries, saying: The report embodies the new awakening of the Chinese nation in the course of hard struggle.

With the lapse of time, people will deepen their understanding of the report's theoretical contribution to the history of the CPC.

How was this report born? Our reporters study the question and interview some relevant persons on the issue.

In September 1986, the 6th Plenary Session of the 12th CPC National Congress made the following decision: The 13th National Congress would be held in October 1987 in Beijing.

In October of the same year, the CPC Central Committee began discussing preparation work for the 13th congress. Not long after that, two events happened in China which attracted world-wide attention: 1) university students going out into streets to stage demonstrations; 2) important personnel changes at the central level. These two events became the subject of much discussion among people at home and abroad. They felt worried and had misgivings. On 20 January 1987, 4 days after the important personnel changes at the central level, Deng Xiaoping told visiting foreign guests: "Despite these two events, everything will go on as scheduled without any changes."

Zhao Ziyang began in the post of Acting General Secretary of the CPC Central Committee on 16 January 1987. Two days later, when he met with foreign guests for the first time in this capacity, he pointed out: Personnel changes will not affect the implementation of the line, guiding principle and internal and foreign policies adopted since the 3d Plenary Session of the 11th CPC Central Committee. On the contrary, they will be implemented in a more correct way.

At the meeting, Zhao Ziyang summarized for the first time the line implemented since the Third Plenary Session as the "two basic points." He said: There are two basic points in the line adopted since the Third Plenary Session: First, upholding the four cardinal principles; second, reform, opening up and enlivening. Thereafter, in accordance with the practice of shifting work focus of the party to economic construction since the 3d Plenary Session of the 11th CPC Central Committee, the line was further summarized as "one center, two basic points." This was the key view of the initial stage of socialism mentioned in the report. Deng Xiaoping praised the summarization by saying: It is good to summarize the line as one center and two basic points.

Spring Festival of the lunar calendar fell on 29 January this year. The central authorities held a Spring Festival party as usual at the Great Hall of the People. Zhao Ziyang attended and spoke at the party. He reiterated that the line implemented since the Third Plenary Session is characterized by "two basic points."

After the spring festival, preparation for the 13th National Congress entered the stage of practical work. Zhao Ziyang called together some main responsible persons at the central level to discuss the structure of the report. Before the discussion, Deng Xiaoping and Zhao Ziyang had stressed: The main theme of the report to the 13th congress is reform and opening up.

At the discussion, which lasted 2 to 3 days, all participants fully aired their views. Zhao Ziyang talked a lot at the meeting. He expressed the following main views: The report should mainly expound and prove the correctness of the line adopted since the Third Plenary Session, and the necessity of further implementing it. He maintained that the theory on the initial stage of socialism could fully answer all questions: Our present historical position, what way to follow in the future on the basis of strategic consideration, why we should follow the line adopted since the Third Plenary Session, and so on. The theory would enable one to draw a clear distinction between "left," and right. In other words, going beyond this historical stage meant "left," and failing to recognize this stage, and to pursue socialism meant right. Zhao Ziyang's views set the keynote of the report.

The practice of reforms of millions upon millions of the Chinese people have laid the foundation for the theoretical distillation of their leaders. With outstanding courage and insight, Deng Xiaoping raised the curtain on overall reform in China. The road of reform which has been carried out for 9 years is full of trials and hardships. Due to the influence of the "leftist" ideas, some people adopted ossified viewpoints to deal with the four cardinal principles, and lacked understanding of the significance of reform. Some other people adopted liberal viewpoints to deal with reform, and hoped that capitalism would be pursued in China. People at home and the outside world worried about the possibility that the existing policies of China would be changed. It is the demand of our times to fully answer these questions in both theories and practice.

According to decisions made during the discussion, a general plan on drafting the report was worked out under the auspices of Zhao Ziyang. It was decided that the report be divided into seven parts: The first part would expound the correctness of the line adopted since the Third Plenary Session; the second part would discuss the theoretical problem of the initial stage of socialism; the third, fourth, fifth and sixth parts would discuss economic construction, economic structural reform, political structural reform, and the building of the party in the

initial stage; the seventh part would discuss the issue of theoretical buildup, and would be the concluding remarks of the whole report.

On 21 March, Zhao Ziyang wrote a letter to Deng Xiaoping, reporting to him the above-mentioned plan. Some 4 days later, Deng Xiaoping wrote a comment on Zhao Ziyang's letter: "This is a good design."

The structure of the report was thus fixed. Although the paragraphs and arrangements of ideas were altered in the process of drafting the report, the basic structure remained unchanged until the report was finally approved.

A drafting group consisting of 19 persons began its drafting work. Zhao Ziyang demanded that the first draft be submitted in May.

The work of drafting the report was progressing smoothly. In May, Zhao Ziyang convened a meeting to discuss the first draft, and participants put forward their views on revising the draft.

During the first half of May, when Zhao Ziyang was reporting his work to Deng Xiaoping, Deng said: Disturbances which happened last year should not affect reform and opening up. We should not only uphold reform and opening up, but also speed them up. Deng Xiaoping asked Zhao Ziyang to convene a meeting, and to organize people to write articles in order to do propaganda work for reform.

Following student demonstrations which happened at the end of last year, a large number of articles opposing bourgeois liberalization were successively published in Chinese newspapers and periodicals. At that time, it was only 5 months before the convening of the 13th National Party Congress. Since the keynote of the 13th congress was reform and opening up, there was a problem of converging the propaganda of newspapers and periodicals with the keynote of the 13th congress. Therefore, on 13 May when Zhao Ziyang was convening a meeting attended by cadres responsible for propaganda, theoretical work, press and party schools, he mentioned the issue of strengthening propaganda. Thereafter, changes took place in the content of Chinese newspapers and periodicals. Those sensitive foreign reporters said: "The opinions on reform have suddenly revived."

After the completion of the second draft in June, Zhao Ziyang organized another discussion. On 10 June, on his way to visit Democratic Germany, Zhao Ziyang revealed to reporters for the first time: The center of the 13th National Congress is reform.

In July, the Secretariat held a meeting in Beidaihe to discuss the third draft of the report. Some members of the Political Bureau were invited to attend the meeting. Opinions for revising the draft were raised at discussion.

In early August, the fourth draft of the report, which contained about 28,000 characters, was discussed by 5,000 people inside the party.

Those 5,000 people participating in the discussion included delegates of the 13th CPC National Congress, members of the three central commissions, and party responsible persons of various central departments, and of various provinces, municipalities, autonomous regions, and the PLA. Various localities also invited cadres above the rank of county party secretary to attend the discussion. Beijing invited some noted economists, experts in political science, and natural scientists to attend the discussion, including Qian Xueshen, Hu Sheng, Yu Guangyuan, Xue Muqiao, Ma Hong, Liu Guoguang, and so on. Some middle-aged and young economists also attended the discussion.

When efforts were being made to widely solicit opinions inside the party, Zhao Ziyang issued instructions that attention should be focused on trends inside the party. He stressed: We should see whether people accept the viewpoints raised in the report. We should know the general reaction. With regard to the work of carefully weighing words and revising the document, it should be carried out by a small number of people on the basis of in-depth discussions.

In accordance with the instructions issued by Zhao Ziyang, in mid-August the drafting group invited about 110 persons from various quarters to attend a forum. They were divided into four small groups to carry out the discussion. In the forum, which lasted one week, all participants profoundly discussed the line of reasoning, logic of exposition and the choice of words of the report.

At just about the same time, the CPC Central Committee United Front Work Department invited several hundred responsible persons of various democratic parties to attend discussions in order to solicit their opinions.

In early September, Zhao Ziyang presided over a meeting of the Secretariat in Beijing attended by some members of the Political Bureau. He listened to a report by the responsible person of the drafting group.

The report was based on opinions expressed by people in various quarters and summed up by working personnel. Through discussions, decisions were made on adopting which opinions, on ignoring which criticism, on revising which viewpoints, and on leaving which concepts intact. All matters of principle were settled.

The discussion was carried out very seriously, and all participants had expressed their views. Efforts were made to fully discuss matters of overall significance, including the way to expound the initial stage of socialism, the principal contradictions in the initial stage, starting and ending of the initial stage, and so on.

With regard to the starting and ending of the initial stage, all participants generally accepted Deng Xiaoping's view. When meeting foreign guests in mid-April, Deng Xiaoping pointed out that China can reach the level of middle-ranking developed countries in a fairly long period of time in the next century. After 31 April, when talking about this issue, he set the time as "in the middle of next century," namely the first 50 years in the next century. Now the report has pointed out that it will take more than 100 years for the completion of the initial stage of socialism. This specifically refers to a period from 1950's to 2050's.

According to decision made at the meeting of the Secretariat, the main structure of the report would remain unchanged. With regard to the way of expression, if the participants proposed better alternatives, then these alternatives should be adopted. The revised draft would be submitted to Political Bureau for discussion.

The revised draft was the fifth draft. On 30 September, the eve of the 38th anniversary of the founding of the People's Republic, Zhao Ziyang presided over a meeting of the Political Bureau. The meeting lasted a whole morning. The report was reviewed. Due to the fact that all the participants had taken part in previous discussions, the revised draft was approved in principle very quickly. In the meantime, opinions were raised on several specific revisions.

The meeting of the Political Bureau made a decision on submitting the report to the 7th Plenary Session of the 12th CPC Central Committee for discussion after revision.

On 6 October, Zhao Ziyang told Korean guests that various preparatory work for the 13th CPC National Congress had been smoothly completed, that the report to the 13th congress had been basically finalized, and that the Political Bureau meeting had approved the report.

On 20 October, the 7th Plenary Session of the 12th CPC Central Committee was held in Beijing. A 5-day preparatory meeting was held before this. The preparatory meeting mainly discussed the 6th draft of the report to the 13th congress. The participants were generally satisfied with the report, because they thought that central authorities respected their opinions. Most of the opinions they raised were accepted, and revision was made accordingly. In his speech, Li Ximing, secretary of Beijing Municipal CPC Committee, said that 80 percent of the opinions raised by Beijing had been accepted.

A number of opinions for revision were raised again at the preparatory meeting. Revisions were made in some 150 minor and major parts of the report before the birth of the 7th version of the report. The seventh version was the report delivered by Zhao Ziyang at the opening ceremony of the congress. From the very beginning, the title of the report was set: "Marching Along the Socialist

Path With Chinese Characteristics." Comparing the report with the first draft completed in May, one finds out that the major structure of the report has not been changed, but the content has been abundantly enriched. Some 6,000 characters were added.

The 1,900 delegates attending the 13th congress, who were elected in a democratic way from among 140 million party members, felt satisfied when they discussed the report. In the meantime, they further raised several good opinions for revision. In accordance with the opinions raised by delegates, revisions were made again in more than 20 parts of the report. The final revised version of the report became the final text for open publication.

A responsible person of the drafting group told our reporters that the report was the distillation of the social practical experience of the people, and the crystal of the collective wisdom of the CPC Central Committee. Deng Xiaoping had made great contribution in this regard. A series of ideological viewpoints generalized by Deng Xiaoping on building socialism with Chinese characteristics have run through the report. These viewpoints are the outline for the theory on building socialism with Chinese characteristics. They enable us to give initial answers to questions on the stages, tasks, driving power, conditions, overall arrangements for socialist construction in China, international environment, and so on. They have also laid a scientific track for our further progress.

World Media Cited on 13th CPC Congress
OW051150 Beijing XINHUA Domestic Service
in Chinese 1317 GMT 3 Nov 87

[Excerpt] Beijing, 3 Nov (XINHUA)—No sooner had the 13th CPC National Congress concluded than foreign press agencies and other mass media abroad began to report and comment on the outcome of the congress and the election held by the 1st Plenary Session of the 13th CPC Central Committee. They believe that the 13th National Congress has taken an important step toward rejuvenating the top leading body and that the CPC has smoothly completed the succession of a new leadership which provides a reliable guarantee for the continuation of China's reform and open policies.

In Yugoslavia, *Tanjug*, in a dispatch from Beijing dated 2 November, said that the CPC has confirmed, through electing a new Central Committee, its policies to rejuvenate the party's leading cadres and pursue reform, and that the majority of the members of the Political Bureau and its Standing Committee are relatively young. A signed article published in *Politika Ekspres* on 3 November pointed out that the withdrawal from the CPC Central Committee of Long March veterans, who had stamped China's political life for nearly 4 decades, is one of the major events in China in the past decade since Mao Zedong's death. The article continued: Succession of a new leading body in the CPC Central Committee would

undoubtedly help to answer two key questions concerning China — Could it continue its open policy? Could it continue to advance without changing the political and economic relations? The congress has not only provided the answer to these two questions but also stressed that the process of reform will be a protracted and intensive one, and that the reform and the opening are an integrated policy. The article said: "After the congress, China's political life will be further invigorated."

Poland's *Zycie Warszawy*, in a commentary published on 2 November, pointed out that the 13th CPC National Congress has epitomized a crucial juncture and greatly rejuvenated the party's leading cadres. The change is "undoubtedly of great significance." The commentary said: "The reform is irreversible. This historical judgment is the major contribution of the current forum of Chinese Communists. The personnel arrangements are, of course, a logical outcome." "Deng Xiaoping, the architect of China's reform policy, has set a good example for other veteran cadres by giving up the supreme post in the party."

Rizospastis, organ of the Greek Communist Party Central Committee, published an article saying: It is the consensus of the people from various circles and observers that the 13th CPC National Congress is an epoch-making meeting. "The 13th CPC National Congress has not only elected the new leaders and leading body, but also summarized China's experience in making reforms so far and set forth the basic direction of future reform."

The Soviet Central Television Station broadcast a video report on the closing of the 13th CPC National Congress, which was filed by its reporters in Beijing on the evening of 1 November. The report said: The rejuvenation of cadres by the congress ensures the stability and vitality of the ranks of party cadres, as well as the continuity of the party's ideology and principles set forth by the congress. The report said that the delegates to the congress would return to their posts full of enthusiasm. They are willing to work harder for the reform because the congress resolutions have opened up vast vistas for their creative labor. [passage omitted on AFP and UPI comments and media reports in Japan, Britain, and Spain]

Further World Press Comments

OW051619 Beijing XINHUA in English 1540 GMT
5 Nov 87

"13th Congress of Chinese Communist Party Fruitful, Says World Media"—XINHUA headline]

[Text] Beijing, November 5 (XINHUA)—Four days after the closing of the session, the world press continues to comment on the 13th Congress of the Chinese Communist Party. The media reports that the congress has opened a broader way for a speedy and deep reform in China.

The 13th congress closed on November 1 with a new and younger Central Committee and Politburo after an eight-day meeting. It approved the political report made by Zhao Ziyang, newly elected general secretary of the Chinese Communist Party.

In the report, General Secretary Zhao Ziyang called for economic and political reforms in China and proposed many specific measures for the planned reform.

Czechoslovak newspaper [Bratislava] "Pravda" praised the congress of the Chinese party as "a great milestone" and said that the success of the congress lies in the affirmation of the party line of the 3d Plenum of the 11th Central Committee in December 1978 and in sticking to the direction for deepening and expanding on-going political and economic reforms.

"China will adhere to the famous four cardinal principles while carrying on its reform and the policy of opening to the outside world," the Czechoslovak newspaper said.

The newspaper also indicated that the election of a younger central leadership is the salient characteristic of the congress.

The official Bulgarian party newspaper "Workers' Cause" [Rabotnichesko Delo] said in a commentary Wednesday that people are convinced by the resolutions of the congress that the Communist Party and socialism could ensure a better future for the Chinese people by overcoming various difficulties through self-reliance.

"The 13th congress of the Chinese Communist Party is a meeting of pragmatism and democracy with a younger leadership," the commentary continued.

A Mexican newspaper "Unomasuno" pointed out that the congress has enriched the reform launched nine years ago.

The Mexican paper said that the congress has answered a fundamental question crucial to Third World countries: How to build a socialist society with Chinese characteristics in a country with a large population, backward economy and a negative legacy left over by its semi feudal past.

The Chinese have already found out a creative way to integrate Marxist fundamental principles with their specific conditions, the paper added.

"The Kenya Times" said the most important experience that China has offered to other Third World countries is the rejuvenation of leadership and a step-by-step reform.

Another Kenyan newspaper "Standard" said that the new leadership of the Chinese party elected at the 1st Plenum of the 13th Central Committee is a crucial change, and also a victory for China's reform.

Zairean newspaper "Salongo" said in a commentary that people are optimistic about and satisfied with the 13th congress and that the result of China's reform is much better than expected.

Malaysian newspaper "Business Times" said in an editorial that the "fact that China has experienced a smooth and orderly shift of power silenced those critics who had predicted a fierce rivalry for the highest positions in the Chinese party."

The official Soviet news agency Tass political observer Yakovlev said in a commentary that it is of "great significance" that the 13th congress has come to the conclusion that China is still in the primary stage of socialism.

He pointed out that the congress has turned a new page for the construction of socialism with Chinese characteristics.

Congress Documents in Foreign Languages OW031444 Beijing XINHUA in English 1035 GMT 3 Nov 87

[Text] Beijing, November 3 (XINHUA)—A collection of documents from the just ended 13th National Congress of the Chinese Communist Party (CPC) and an explanatory booklet will be soon published in several foreign languages.

The Administrative Publications Bureau under the Ministry of Culture told Xinhua today that the English and Russian versions of the collection of documents will be off the press next month and the explanatory pamphlet, late this month.

Beijing Review is compiling the pamphlet on the 13th Party Congress in English, French, Spanish, German, Japanese and Russian versions.

The pamphlet will acquaint foreign readers with all the basics about the congress and China's reforms, and will be in a question and answer format.

Its contents will be based on Chinese leader Zhao Ziyang's Work Report to the congress and other major documents, as well as statements made by Chinese leaders and senior officials during the congress period.

Short biographies of party leaders are to be included as an appendix, along with the name lists for the new Political Bureau, its Standing Committee and the Secretariat.

The foreign languages press is compiling a collection of documents from the party congress in English, French, Spanish, German, Russian and Arabic. They will also be printing Zhao Ziyang's Work Report at the congress in Korean, Italian, Portuguese, Hindi, Urdu and Bengali.

The English and Russian versions of the collection of documents of the party congress are expected to be published by December 20.

Democratic Parties Optimistic After Congress

HK060350 Beijing CHINA DAILY in English 6 Nov 87
p 1

[By staff reporter Chen Qing]

[Text] Leaders of China's democratic parties said they felt more encouraged and optimistic about the future of the country because the 13th National Congress of the Chinese Communist Party decided to further improve the country's economic and political reforms under younger leaders. *China Daily* has learned from concerned forums.

Principal members of two major Chinese democratic parties, the Chinese Peasants and Workers Democratic Party and the Jiu San Society, each held forums on Wednesday to study and exchange views on the report delivered on the opening ceremony of the Party Congress.

Zhou Gucheng, Chairman of the Chinese Peasants and Workers Democratic Party, called on all its members, of whom about 60 per cent are medical personnel, to study the congress report.

He said he was happy to see a party with 45 million members successfully shift its leading power to a younger generation in one week.

"This is really something remarkable," he said. Zhou had great confidence that the rejuvenated leadership would push forward the reforms.

Zhang Shiming, Vice-Chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party, said the Communist Party made a big step in rejuvenating its highest leading body and "this sets good example for the democratic parties."

The Jiu San Society held a forum led by Pan Shu and Sun Chengpei, both Vice Chairmen of the Central Committee of the society.

Speaking at it, Yu Jiseng, a researcher from its policy study department said the democratic parties should play an important role in the country's political reform.

"The Jiu San Society, in particular, which has many senior intellectuals, should serve as a think tank for the government," he said.

Nakasone Greet's CPC Congress Closing

OW051258 Beijing in Japanese to Japan 0930 GMT
3 Nov 87

[Text] According to Radio Beijing's Tokyo correspondent (Zhang Guoxin), Prime Minister Nakasone at a press conference on the morning of 2 November greeted the successful closing of the 13th CPC Congress, and said:

The 13th CPC Congress has laid the foundation for China to make great strides in achieving modernization and opening its doors to the outside world.

I would like to extend my congratulations on the successful closing of the congress and on its success in building a basis for further development.

The prime minister also expressed his hope that Japan and China would continue to cooperate with each other on the basis of the existing four-point principles characterized by equality and reciprocity.

Liu Binyan Welcomes Downfall of Deng Liqun

HK051510 Hong Kong AFP in English 1447 GMT
5 Nov 87

[Text] Hong Kong, Nov 5 (AFP)—Muckraking journalist Liu Binyan, expelled from the Chinese Communist Party in January during a campaign against Western influences, has welcomed the downfall of Maoist hard-liner Deng Liqun from the party's leadership.

"I'm sure all intellectuals share the same feeling," Mr. Liu told Hong Kong television station TVB in an interview aired here Thursday.

TVB said the interview took place at Mr Liu's home in Beijing a day after the Communist Party ended its 13th National Congress Sunday with a new central committee that excluded Mr Deng, 72.

Mr Liu, best known for probing Communist Party abuses, lost both his party membership and job on the *People's Daily* newspaper at the start of a campaign against "bourgeois liberalisation" which had been backed by Mr Deng.

The campaign has since waned, observers say, and Mr Liu was optimistic he would be allowed to publish his works again "eventually."

"In view of the economic reforms of the past years, and the upcoming political reforms, there is now great hope," he said.

Asked if he might be reinstated into party ranks, he replied: "Possible. I can only say possible."

Commentator Stresses Spirit of Congress

HK060311 Guangzhou NANFANG RIBAO in Chinese
5 Nov 87 p 1

[Commentator's article: "Turn the 13th Party Congress Spirit Into the Universal Consciousness and Spontaneous Action of the People of the Whole Province"]

[Text] The 13th National CPC Congress has concluded victoriously. The current primary tasks of party organizations at all levels are to seriously study and publicize the documents approved by the congress and rapidly turn its spirit into universal consciousness and spontaneous action of party members, cadres, and people of the whole province.

The 13th Party Congress has for the first time given a systematic exposition of the theory of the initial stage of socialism. It has also explicitly proposed the party's basic line in the initial stage of socialism, and laid down the fundamental guidelines for future economic construction, economic and political structural reform, and party building. As a result, we have an explicit goal for endeavor and a basis for our actions in continuing our advance. This is bound to be transformed into a tremendous material force spurring reform and construction. The congress also elected a new and relatively young Central Committee and a new Central Advisory Commission and Central Discipline Inspection Commission. This has given our party still greater vitality and vigor. In addition, it has provided a sound organizational guarantee for the continued implementation of the party's correct line. Hence, the 13th Party Congress was a historic meeting of major significance and far-reaching impact.

In studying and publicizing the congress documents, we must thoroughly appreciate the spirit of the congress. We must also get a firm grasp of the focal points. The main theme of the congress was to speed up and deepen the reforms. Comrade Zhao Ziyang's report entitled "Advance Along the Road of Building Socialism with Chinese Characteristics" is a programmatic document guiding comprehensive reform and socialist modernization. While conducting study and propaganda, we must firmly grasp the main topic of the congress and carry out universal and in-depth education in the basic line in the initial stage of socialism. We do this to unite, encourage, and mobilize the whole party and the people of the entire province to strive together to fulfill all the tasks proposed by the congress and to continue advancing along the road of building socialism with Chinese characteristics. We should get a firm grasp of the following focal points in conducting study and propaganda: 1) the theory on the initial stage of socialism; 2) the basic line in the initial stage of socialism; 3) the deepening of enterprise reform and achievement of long-term stable economic development; 4) the active and steady promotion of political structural reform; 5) the party must govern itself well and strictly; 6) the boosting of revolutionary spirit and

unity in common endeavor. Only by firmly grasping these focal points can we completely and accurately understand and appreciate the spirit of the 13th Party Congress.

The party's basic line in the initial stage of socialism is a continuation and development of the line of the 3d Plenary Session of the 11th CPC Central Committee. The line since the 3d Plenary Session of the 11th CPC Central Committee is a correct Marxist one. In the formation and development of this line, in decision-making on a whole series of key policy issues, and in pioneering a new situation in construction, reform, and opening up, Comrade Deng Xiaoping has made a major contribution. He has done so with his boldness in Marxist theory, spirit of seeking the truth, abundant experience, and foresight and sagacity. Hence, study of the 13th Party Congress documents must be integrated with study of the series of Comrade Deng Xiaoping's expositions. Since the Third Plenary Session, Comrade Xiaoping has been the first to propose many important views and has expounded on them repeatedly. This includes emancipating the mind, seeking truth from facts, regarding practice as the sole criterion for testing truth, acting in accordance with national conditions, and following our own road in socialist construction. He has also proposed and expounded on the following: The basic task of socialism is the development of productive forces and the concentration of forces to achieve modernization; socialist economy is planned commodity economy; reform is an important motive force for the development of socialist society; and opening to the world is an essential condition for socialist modernization. In addition, he proposed and repeatedly explained that the building of socialist spiritual civilization is an important feature of socialism, and that combining adherence to the four cardinal principles with adherence to the general guideline of reform and opening up is necessary, both being indispensable. There have been others, including the concept of "one country, two systems" to reunify the motherland. These ideas of Comrade Xiaoping represent the summation of the party's practical experiences and the crystallization of its collective wisdom. They are a model of integrating the universal truth of Marxism with Chinese realities. With thorough study of Comrade Xiaoping's expositions, we will have a better grasp of the spiritual essence of the 13th Party Congress documents. Additionally, we will be able to understand why we can carry out only this line and these principles and policies, and no other, in the initial stage of socialism. In this way, we will be able to act less blindly and with less vacillation. We will act with greater awareness and staunchness in implementing the party's basic line and adhering to "one core and two basic points."

Study and publicity of the 13th Party Congress documents should be closely linked to the realities of work and individual thinking in the various areas, departments, and units. In understanding the spirit and reasoning of the documents, we should proceed from concrete

to abstract and from facts to theory. During the years when we shut ourselves off from the world, the economy of our province stagnated for a time. Growth in the province's main economic indicators stayed below the national average for a long time. In 1979, with the approval of the central authorities, the province instituted special policies and flexible measures. It took the lead in reform and opening up, which allowed us to extricate ourselves from our backward state very quickly. Comparing 1986 with 1978, the province's gross domestic product, national income, and export value all rose by more than 200 percent. During these 8 years the province added more fixed assets, built more graded roads, and increased telecommunications capacity more than it did in the preceding 29 years. Today, Guangdong has entered the period with the most prosperous economic development, fastest growth in economic strength, and greatest tangible benefit for the people since the founding of the state. Compared with the period before reform and opening up, the province's gross social output value has more than doubled and we have risen from seventh to eighth in the national table [as published]. The Zhu Jiang Delta is already well off. Economic development of the three special economic zones of Shenzhen, Zhuhai, and Shantou has been even faster. The material achievements of the province during the past 8 years naturally attract attention. Of even more value and greater impact is the fact that reform and opening up have brought new spiritual wealth to the people of the province. Opening up to the world has enabled the people to broaden their

vision, gradually shake off the constrictions of small production, and establish the new concept of commodity economy. Reviewing the 30 years before we started reforms and opening up, and the 9 years since, we can see more clearly the correctness of the theory on the initial stage of socialism and of the party's basic line. Thus, we will greatly cherish and firmly adhere to this correct theory and line, which were not easily attained. In studying the 13th Party Congress documents, we must also propose measures and methods for implementing the spirit of the congress. We must integrate a thorough study of the documents with a correct understanding of the measures for economic and political structural reform. These elements must also be integrated with the specific execution of economic and social development plans, and with the strengthening of party building in the course of reform and opening up. In short, we must not be satisfied with a smattering of the subject when studying the documents. Nor can we indulge in empty, irrelevant talk that has nothing to do with the documents.

Leading cadres at all levels must be at the forefront in studying and publicizing the 13th Party Congress documents. Study should be carried out at different levels and in different fields, from top to bottom. We must make use of all kinds of suitable methods to organize and stimulate study by grass-roots party members and the masses. We should ensure that everyone knows about the congress spirit as soon as possible, and proceed to transform it into a tremendous material force.

Deng Xiaoping Photograph Album Planned

OW061239 Tokyo KYODO in English 1209 GMT
6 Nov 87

[Text] Shanghai, Nov. 6 KYODO—An album of photographs of Chinese leader Deng Xiaoping will be published for the first time early next year, a newspaper here said Friday.

Shanghai's *Xin Min Wan Bao* said the Chinese Communist Party and the *Xinhua News Agency* edited the 304-page collection of Deng's photographs from among some 10,000 in government and military collections and possessed by friends and relatives.

The newspaper said among the photographs were some showing the Chinese leader living as a poor young student in Paris and staying in a village in Jiangxi Province in southeast China from 1967 to 1977, forced there during the Cultural Revolution.

Shift From Price Reform to Contract System

OW061304 Beijing XINHUA in English 1231 GMT
6 Nov 87

[Text] Beijing, November 6 (XINHUA) — China's economic structural reform has made a key shift from focusing on price reform to improving the contract system.

According to Yang Peixin, a research fellow at the State Council's Economic Research Center, the reform has shown it is risky to accelerate economic structural reform while reforming the pricing system.

One view popular at the beginning of the reform in 1984 was that price reform should be the key to the economic reform as price increases encourage enterprises to produce more and decreases prompt them to regulate production.

That explains why in 1984 China allowed prices of nonstaple foods, agricultural and sideline products and industrial raw materials to float according to market demand.

As a result, commodity prices have been on the rise over the past three years, he said, adding that in 1985 prices went up 8.8 percent, and in 1986, six percent, and this year, will be 10 percent.

"Loosening price control on the means of production, even on one item, is risky," Yang went on. "Abrupt price hikes in socialist countries could have political implications."

"Under China's present conditions," Yang said, "there is the need to continue with the practice of distributing key materials via administration, allocation and transfer."

"Price reform can only be carried out step by step, as part of the economic restructuring process," he said, "it can neither go too far nor be the focus of the overall reform plan."

Only when the balance of supply and demand is achieved, or, when the situation in which the general social demand exceeds the general social supply has basically changed, will it be possible to abolish administrative control over supplies and allow prices to float freely, Yang said.

In his report to the 13th National Party Congress, Zhao Ziyang said, "Our main task in intensifying the reform is to change enterprises' managerial mechanisms, and with this in mind, we must institute supporting reforms in planning, investment, materials allocation, finance and foreign trade."

Zhao also said that price reforms should proceed in step with income readjustment to ensure that people's actual standard of living does not fall in the course of the reforms, but gradually rises as production goes up.

Reality shows that the contract system is the key to stepping up the development of enterprises, Yang said.

He cited the capital iron and steel works as a successful example of the contract system.

The works has logged a 13.8 percent annual increase in profits and taxes turned over to the state and retained one billion yuan (270 million U.S. dollars) for technological upgrading since it was contracted eight years ago.

Reforms Give Workers More Say in Management

OW030343 Beijing XINHUA in English 1229 GMT
30 Oct 87

[Text] Beijing, October 30 (XINHUA)—The current reforms enable workers to have more say in enterprise management, said an official at the All-China Federation of Trade Unions today.

According to the official, they appraised the performance of one million factory officials last year, of whom 9,000 were removed from their posts for failing to pass the appraisals.

In recent years, leaders of 56,000 enterprises have been chosen through election by the workers. While most of the enterprises were small or medium ones, some large-sized ones are following suit, the official said.

Workers' congresses have been adopted in 320,000 enterprises and institutions, through which workers can voice their opinions on enterprise management and matters such as bonus and apartment distribution, the official said.

Altogether 6.74 million suggestions were raised at the congresses last year, most of which were accepted, he added.

Moreover, the reforms make it possible for talented workers to become managers or directors.

An example is Guan Guangmei, once a grocery clerk and now overall manager of several such shops in Liaoning Province.

Status of Rural Women Improves With Reforms

OW040213 Beijing XINHUA in English 0818 GMT
3 Nov 87

[Text] Chengdu, November 3 (XINHUA)—The promotion of the commodity economy in China's rural areas has had an unexpected result—women's economic and social positions have advanced.

Take the case of Li Fang, 41, of Jiujiang Township, Shuangliu County in Sichuan Province. It wasn't until she became a skilled chicken raiser that she won the respect of her husband.

"My wife has done much to our prosperity. I'm now her assistant," her 47-year-old husband said with a smile.

Like most women in China's countryside, Li had to work at home doing family chores besides work in the fields. But she got less pay than men and was considered inferior by her husband. To make matters worse she often quarreled with her mother-in-law on money matters.

Li decided to raise chickens in 1981 after hearing about egg shortages in urban areas.

She was influenced by provincial reform started three years earlier that urged adoption of a rural responsibility system.

To master the technology she subscribed to 15 papers and journals and even consulted agro-tech experts.

Her chicken farm succeeded with the help of her husband.

Together they have raised 13,000 chickens and produced 130,000 kilograms of eggs. Last year their business earned 30,000 yuan. This year their income is expected to hit 50,000 yuan.

The success has won over her mother-in-law and made her husband more considerate.

"The government's encouragement of a diversified economy helps bring women's talents into full play," said Wang Anyun, a senior official from the provincial women's federation.

"More and more women are freed from fields and engage in cultivation, processing and service trade, jobs more suitable to them."

Sichuan, with a population of 100 million, has 87 million rural laborers and half of them are women.

"They are not inferior to men in a commodity economy. They are even better since they are deft and careful," she said.

A recent survey of the province's 34 million specialized rural households shows the annual per capita income of households with women as the mainstay is higher than households with men as the mainstay — 882 yuan compared with 712 yuan.

Women's contributions have acquired social recognition, as in the case of Tu Jiazhen, a former housewife in the suburbs of Deyang City. After making a fortune in grain processing and pig raising, she gave her fellow farmers money so they could study agro-science and technology. She also helped build a cinema in her mountain village to enrich the farmers' cultural life.

Tu is now invited to give talks at universities and government departments and is an elected member to her city's committee of the Chinese People's Political Consultative Conference.

The commodity economy is not only promoting rural women's economic position but stomping out feudal ideas like men being superior to women, Wang Anyuan said.

Agriculture Minister on Fishery Development

OW040425 Beijing XINHUA in English 0858 GMT
23 Oct 87

[Text] Beijing, October 23 (XINHUA)—China should shift the focus of its fisheries industry to the cultivation of aquatic products, said He Kang, minister of agriculture, animal husbandry and fisheries, at a national meeting that ended here today.

Thanks to the economic reforms, China's fisheries output has been increasing at an annual rate of 1 million tons since 1982, he said. By the end of this year, China will top 9 million tons in aquatic output, fulfilling the target set for the Seventh 5-Year Plan (1986-1990) 3 years ahead of schedule, he added.

But he pointed out that half of the total yield is from natural aquatic resources, the reproduction rate of which falls behind the depletion rate.

The fisheries industry must develop its breeding capacity to meet the growing market demand for aquatic products, he said.

China has about 1.33 million hectares of shallow sea and beaches, and 17.33 million hectares of rivers, lakes, reservoirs, and ponds. All these waters can be used to cultivate aquatic products, he said.

The minister called on the fisheries administrative departments to work out regulations governing fishing licenses, fishing areas, fish species, vessel control, management of ports, and environmental protection.

East Region

Wuxi Money Market Nation's Biggest

OW050241 Beijing XINHUA in English 0823 GMT
27 Oct 87

[Text] Nanjing, October (XINHUA)—The Wuxi money market, China's largest, has handled 10.2 billion yuan (2.8 billion U.S. dollars) worth of interbank loans since it opened last October.

The market is located in Jiangsu, the most developed province in the east China economic zone, and involves 182 financial institutions in 25 provinces.

Jiangsu houses another two large inter-regional money markets, one in Nanjing and the other in the Huaihai Economic Development Zone. So far this year, these 2 markets have secured 4 billion yuan (1.1 billion U.S. dollars) in loans for other provinces.

"The appearance of money markets is one part of China's financial reform," said Luo Yucheng, president of the Jiangsu branch of the Industrial and Commercial Bank of China, "and instead of the old monopoly control by central banks, local specialized bank branches are now able to loan idle funds to banks in fund-short provinces, which has increased the liquidity of funds and aided production development."

Since 1981, Jiangsu has ranked first nationwide in total production output value, and last year alone, the province's gross industrial and agricultural output value hit 145.9 billion yuan (39.4 billion U.S. dollars), or one-tenth of China's annual total.

Shanghai Mayor on Land Lease Study

OW040401 Beijing XINHUA in English 1430 GMT
20 Oct 87

[Text] Beijing, October 20 (XINHUA)—Shanghai is considering to try out Hong Kong's experience to lease out land for economic development funds. Mayor of Shanghai Rui Xingwen has said.

With support from some central leaders, the municipal government is making a thorough study before it leases out small plots for experiments, the mayor said in an interview with the "Economic Daily".

These plots will continue to be owned by the state, where leasees can open factories, shops, and cultural facilities under the unified planning of the municipal government, he was quoted as saying.

According to the mayor, the economic development of Shanghai, China's leading industrial center, has risen steadily over the past 9 years.

Its gross national product went up by an average of 7.6 percent a year between 1979 and 1986, and its revenue amounted to 173.85 billion yuan during this period, equal to 69 percent of the total for the previous 30 years.

By the end of September, Shanghai had absorbed 2.1 billion U.S. dollars in investment and set up 276 foreign-funded enterprises.

However, the mayor said, Shanghai lacks funds to upgrade its obsolete infrastructure facilities and flagging enterprises.

To solve the problem, it will borrow funds from overseas in line with its payment ability, in addition to striving to attract more foreign funds and technology.

The city also plans to expand its cooperation with other parts of China for increased supplies of raw and processed materials.

Central-South Region

Guangdong Ready To Host Taiwan Compatriots

OW010717 Beijing XINHUA in English 0232 GMT
28 Oct 87

[Text] Guangzhou, October 28 (XINHUA)—All Guangdong provincial departments are ready to welcome Taiwan compatriots when they return to visit relatives and go sightseeing.

According to a provincial official, Guangdong now has 33 points where tourists can enter or exit the mainland, and they are all open to Taiwan compatriots.

The Luohu border in the Shenzhen Special Economic Zone has set up counters for Taiwan compatriots, while Guangzhou's Liuhua and Zhoutoukou Port will also simplify entry-exit formalities for travellers from Taiwan, the official said.

Railway stations in Kowloon and Guangzhou have opened windows where only Taiwan compatriots can buy tickets, check luggage and make connection arrangements, while the Guangdong branch of China Travel Service now boasts a team of receptionists who are responsible for helping to organize transportation and housing for Taiwan visitors.

The Guangdong Tourist Service Company has arranged ten sight-seeing itineraries to Beijing, Shanghai, Xiamen, Guilin, Hangzhou and other cities just for Taiwan compatriots, and the Guangzhou Tourist Company has also started more tours to the Sun Yat-sen Memorial Hall, the Mausoleum of the 72 Martyrs of Huanghuangang, the Guangzhou Huangpu Military Academy and other scenic spots.

The Guangdong branch of China Travel Service and the Guangdong Tourist Service Company are coordinating efforts for Taiwan compatriots and relatives in Guangdong province to meet in Hong Kong and Macao.

The government and people of Guangdong Province warmly welcome Taiwan compatriots to return to visit their relatives and go sightseeing, and they hope the Taiwan authorities will also allow mainlanders to go to Taiwan to visit relatives and go sightseeing, the official said.

Shenzhen Commercial Building Shortage

OW050259 Beijing XINHUA in English 0827 GMT
27 Oct 87

[Text] Beijing, October 27 (XINHUA)—All Shenzhen's commercial- and industrial-use buildings have been sold or rented out, today's *International Business Journal* reported.

"This is due to an increase in investments by foreign business people since the beginning of this year," a local government official explained.

"In addition to buildings already sold or rented, those now under construction, which include 1.1 million square meters of floor space, have already been spoken for," the official said.

At present, the zone's 20 real estate development companies have nothing to sell or rent, and because of the building shortage, prices for factory buildings have soared from 450 yuan (122 U.S. dollars) per square meter earlier this year to the present 750 yuan (203 U.S. dollars) per square meter.

To meet the urgent need for more buildings, the city government is planning to develop new industrial areas, and infrastructure construction has already started in one five-square-kilometer industrial zone.

Southwest Region

Sichuan's Yang Rudai on Reforming Economy

OW032317 Beijing XINHUA in English 0832 GMT
22 Oct 87

[Text] Beijing, October 22 (XINHUA)—The on-going economic reform has enhanced the economic strength of Sichuan, the most populous province in China.

Yang Rudai, secretary of the Communist Party's Sichuan provincial committee, gave a brief account of the province's all-round economic development in the past 8 years in an interview with an *"Economic Daily"* reporter.

In the past 8 years, according to Yang, Sichuan's total social product rose at an annual rate of 9.7 percent, national income, 9 percent, industrial and agricultural output value, 9.9 percent, and financial income, 7.7 percent.

Sichuan in southwest China has a rural population of 80 million. Its total agricultural output value went up only 3 percent on average a year before 1978, and up 11.7 percent a year between 1978 and 1986, according to the secretary.

The output of grain last year was up 22.8 percent over 1978, pork up 189 percent, oil-bearing crops up 172 percent and fruit up 240 percent.

The proportion of the output value of sideline production, forestry, animal husbandry and fisheries in the total agricultural output value rose from 35.1 percent to 49.2 percent. Sichuan has 250,000 rural industrial businesses now and their industrial output value last year was 8.8 times what it was 8 years ago.

Thanks to rationalizing the rural economic structure, about 10 million from the rural work force have quit the fields to engage in industry, sideline production and service trades. The peasants' living standards have greatly improved as a result.

Yang, a delegate to 13th National Congress of the Party, which will open Sunday, is optimistic about the urban reform.

He noted that 74 percent of the industrial enterprises in Sichuan have introduced the contract managerial responsibility system and gained vitality. He said that the setting up of a number of urban credit cooperatives, and trust and investment organizations has helped solve the fund-shortage problem.

The secretary said about one third of Sichuan's 214 cities, counties and districts have opened to the outside world.

The province has established contacts with more than 80 countries and regions and has trade connections with more than 3,000 business firms and people from 70 countries and regions. It has invited foreign economic experts to help boost production and upgrade the technology of its industrial enterprises.

Sichuan received 600,000 overseas tourists and obtained 400 million yuan in tourism revenue between 1981 and 1986, he said.

Northeast Region

Shenyang Technological Bases Under Construction

OW040335 Beijing XINHUA in English 0945 GMT
22 Oct 87

[Text] Shenyang, October 22 (XINHUA)—Five new technology bases are now under construction in Shenyang, capital of northeast China's Liaoning Province.

The new technology includes robots, adhesive-bonded fabrics, large-scale integrated circuits, sensor elements, and sensitive materials.

Involving a total investment of 150 million yuan (about 41 million U.S. dollars) from the state, the 5 bases are expected to go into operation by the end of 1988.

Shenyang is a leading heavy industry center in China. It also boasts plentiful skilled labor and advanced technology.

The robots base, China's first robot demonstration project, has been undertaken by the Shenyang Institute of Automation of the Chinese Academy of Sciences. Its total investment is 50 million yuan. It will track the development of high technical skills of foreign countries and develop various kinds of robots for special uses. The adhesive-bonded fabric development center is a key item in China's textile industry. It involves an investment of 27 million yuan. Adhesive-bonded fabrics are widely used in the industrial, communications, and medical fields.

When the large-scale integrated circuit base is completed in the north of the city, it will lead the nation in this field and produce 5 million integrated circuits of various types each year.

The sensor elements, and instruments and meters research base will entail 20 million yuan in investment. Its basic construction is to be completed by the end of this year.

After the completion of the base for developing sensitive materials in the east of the city, China will produce high-sensitivity materials in large quantity and no longer have to import color film.

Machinery Industry Develops in Liaoning

SK060048 Shenyang LIAONING RIBAO in Chinese
22 Oct 87 p 4

[Article by Zhou Junshan [0719 1498 1472], director of the Liaoning Provincial Machine-Building Industry Commission: "Push the Development of the Machine-Building Industry to a New Stage"]

[Excerpts] After 5 months of preparations, the provincial Machine-Building Industry Commission has now been officially established. This is a major event for Liaoning's

machinery industry. It is an important step in Liaoning's structural reform, and will be a significant influence on the development of Liaoning's machinery industry.

Liaoning is an important base of the machinery and defense industries of our country. Under party leadership, our province has built a substantial material and technological foundation for its machinery industry. In the province, the number of enterprises producing large machines totals 6,407, with an employment of 2 million staff members and workers, and whose original value of the fixed assets is 15 billion yuan, and output value 20 billion yuan. With the development of the national economy, the our province's machinery industry has expanded to a manufacturing system with fairly complete branches of industries, and a substantial foundation. Of the industries, the heavy-duty mining machinery, general machinery, electric engineering, machine tool, aviation, ship-building, and weaponry industries occupy a dominant position in the country. Over the past 30 years, our province's machinery industry, including its defense industry, has provided a great amount of technology and equipment to the building of socialism and national defense. It has played an important role in the four modernizations. The first jet fighter, nuclear-powered submarine, tactical guided missile, large tractor, and large-capacity transformer of our country, and first-rate machine tools and bearings were all built in Liaoning Province. The achievements of Liaoning's machinery industry are reflected everywhere from space equipment for space travel to geological equipment for prospecting for underground wealth, from 10,000-ton large ocean-sailing ships to trains and cars speeding on the ground, and from large machinery equipment to exquisite instruments and meters. Over the past few years, the machine-building trade of the province has also greatly improved its level in manufacturing whole sets of equipment. At present, it is capable of producing 500,000-voltage power transmission and transforming equipment, whole sets of ethylene-producing equipment with an annual capacity of 115,000 tons, auxiliary equipment for 600,000-kilowatt thermal power generating units, and large equipment for open mining, represented by 12-cubic meter electric excavators. In short, the machine-building trade of Liaoning Province has lived up to the central authorities' expectation that "Liaoning should produce machines, talented people, and experiences." [passage omitted]

At present, when our province is developing the Liaodong peninsula and the export-oriented economy, the machinery industry shoulders an important task. The key to the export-oriented economy is to "export more, earn more foreign exchange, and improve economic results." The output value of the province's machinery industry amounts to one-fourth of its total industrial output value. This is a large proportion. Therefore, it should take the lead in changing, as quickly as possible, the export goods structure focusing on native and special products, and farm and sideline products. It should expand the exports of electric machinery products, which are technology-intensive, and of high value.

Machinery industrial enterprises may also produce import substitutes to reduce imports, save foreign exchange, and support the state's economic construction. For this reason, judging from every angle, we should manage and build our machinery industry well. We should enable it to play a greater role. The provincial party committee and government decided to incorporate the provincial Machine-Building Industry Bureau and the provincial National Defense Science, Technology, and Industry Office. They decided to establish the provincial Machine-Building Industry Commission to manage the province's machinery industry in a unified manner. This is an inexorable trend of the development of the economic and the political structural reforms. It is a major policy decision aimed at fully developing the advantages of the province's machinery industry, and revitalizing Liaoning's economy.

The establishment of the Machine-Building Industry Commission is a combination of the advantages in the civilian and military industries, which can supplement

and support each other. This is of great immediate significance in facilitating the development of our province's machinery industry. The province's national defense science, technology, and industry are composed of 60 large key enterprises and scientific research institutes staffed by 280,000 staff members and workers, and 18,000 engineering and technical personnel. Their fixed assets are worth 3.4 billion yuan, and their annual output value is 2 billion yuan. They are equipped with astronautics, aviation, ship-building, rocketry, and nuclear industrial technology. They have mastered some contemporary advanced new technology. And they are notably superior to the civilian machinery industry in many ways. Transfer of national defense technology to civilian use will greatly improve the production level of the goods for civilian use. By changing their production line into production of goods for civilian use, military industrial enterprises will not only increase social wealth but will also help solve their long-standing problem of operation under capacity.

Improvement of Ties With East Europe

OW041431 Taipei CNA in English 0250 GMT
29 Oct 87

[Text] Taipei, Oct. 29 (CNA)—Foreign Minister Ding Mou-shih said Wednesday that the nation will gradually ease its limits on economic, trade, academic and sports interchanges with Eastern European countries.

Answering an interpellation at a session of the Legislative Yuan's Foreign Affairs Committee, Ding said that since the Government's opening of trade with East Europe in 1979, the annual two-way trade between the two sides amounted to about US\$ 70 million.

The trade value, however, increased to US \$120 million in 1986 and to US \$80 million in the first half of this year with the ROC [Republic of China] continuing to have a deficit.

Ding said that in order to help diversify the nation's foreign markets, his ministry has worked out a plan to promote the nation's trade relations with countries in East Europe.

Ding noted that the plan, now pending approval by the Executive Yuan, suggests the government include Romania into the list of the East European countries with which local businessmen are allowed to conduct direct trade, thus bringing the number of the countries to seven.

The ROC is now gradually opening the exchange of visits between peoples of the nation and East European countries by simplifying visa procedures, Ding said. The

government will allow people of the East European countries which are not hostile towards the ROC to participate in international academic and sports activities in the nation on a case by case basis.

Meanwhile, the businessmen of the European countries which are not hostile towards the ROC, with the China External Trade Development Council serving as a guarantee, will be granted visas to visit the ROC.

Red Cross Distributing Mainland Visit Forms

OW022319 Taipei International Service in English
0200 GMT 1 Nov 87

[Text] More than 20,000 people jammed the head office of the Red Cross Society in Taipei Friday to receive application forms for mainland visits. The Society began to supply free-of-charge application forms for mainland visits, exit-entry permit application forms, and mainland tourist guides Friday at its Taipei and Kaohsiung offices, the Bureau of Entry and Exit, and the travel service center at Taipei's Sungshan Airport.

The Society will not begin accepting completed registrations until 2 November. The 38-year ban on travel to the mainland is to be relaxed starting Monday, while the Government has said that all contacts with the mainland other than family reunions will continue to be barred. The Red Cross Friday started distributing literature about Mainland China for NT [New Taiwan] \$10 a copy. The pamphlet warns prospective visitors not to get involved with women there at a risk of fine of NT \$40,000 or detention for 15 days.

Hong Kong

XINHUA Branch Chief Meets Governor's Deputy *OW050113 Beijing XINHUA in English 1444 GMT* 27 Oct 87

[Text] Hong Kong, October 27 (XINHUA)—Xu Jiatur, director of the Hong Kong branch of *Xinhua News Agency*, met David Ford, the deputy to the governor, here today.

Ford briefed Xu on the situation in the Hong Kong Stock and Futures Exchanges. He expressed warm thanks for the support of the Chinese Mainland's financial institutions, in particular for the contribution of the Bank of China to the second support facility for the Hong Kong Futures Guarantee Corporation.

Xu thanked Ford for his briefing on the situation in the Hong Kong financial market. He said for the prosperity and stability of Hong Kong, "we are glad to have the opportunity to cooperate with the Hong Kong Government."

He expressed the conviction that the Hong Kong Government is capable of handling the matter and expressed the hope of continuous development of the friendly cooperation between the two sides.

Zhang Xueyao, general manager of the Hong Kong branch of the Bank of China, and Dick Clift, political advisor of the Hong Kong Government, were present on the occasion.

Mainland Official Speaks at Conference *OW042315 Beijing XINHUA in English 1613 GMT* 3 Nov 87

[Text] Hong Kong, November 3 (XINHUA)—China has attached great importance to the fight against economic crimes including corruption and bribery so as to ensure healthy development of reform and modernization as well as smooth implementation of the open policy, a Chinese official said here today.

Speaking at the Third International Anti-Corruption Conference, Xie Baogui, director of the Economic Crime Prosecuting Department under the Supreme People's Procurate, said Chinese procuratorial organs filed and disposed of nearly 50,000 cases of economic crime in 1986, including 39,659 or nearly 80 percent being corruption crime.

Among them, 8,229 cases belonged to serious corruption crime and 1,098 cases were serious bribery crime. A serious corruption or bribery crime means that a case involves ten thousands of yuan (3.7 yuan is equal to one U.S. dollar).

He also said that 51 percent of the criminals committing corruption or bribery crime were state personnel last year, including some higher ranking officials, while 70 percent of corruption or bribery cases took place in such economic fields as finance, cereal management, commerce, civil and engineering construction and international trade.

Explaining the increased cases of economic crime in recent years, he said it is unavoidable that some loopholes in the management occur during transition from the old system to the new and some unlawful persons take these advantages to commit offences.

On China's efforts in fighting against corruption, he said the procuratorial organs, on behalf of the state, undertake investigation, prosecution and support of public prosecution and charge any person who commits a crime, no matter what party or organization one belongs to or what position one holds.

The principles for dealing with these cases include taking facts as basis and law as the criterion, combining procuratorial organs with citizens and integrating sanctions with preventive measures.

On relationship between anti-corruption and open policy, Xie said the anti-corruption efforts will provide good environment for investment and protect interests of foreign investors.

Xie also expressed the hope to enhance international cooperation between China and foreign countries in fighting against corruption crimes.

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